BILL NO. S-90-11-49 (As Amended)

SPECIAL ORDINANCE NO. S-306-90

AN ORDINANCE approving the establishment of an insurance fund for the purpose of financing a shared funding insurance program for employee health benefits.

NOW, THEREFORE, BE IT ORDAINED BY THE COMMON COUNCIL OF THE CITY OF FORT WAYNE, INDIANA:

SECTION 1. The Common Council of the City of Fort Wayne does hereby approve the establishment of an insurance fund created for the following purposes:

1. To pay for services and charges as specified in any Shared Funding Insurance Agreement entered into between City and a claims administrator;

2. To pay covered claims of employees of the City of Fort Wayne.

SECTION 2. If any section, clause, sentence, paragraph, part, or provision of this Ordinance shall be held invalid, it shall be conclusively presumed this Ordinance would have been passed by the Common Council without such invalid section, clause, sentence, paragraph, part, or provision.

SECTION 3. This Ordinance shall be in full force and effect from and after its passage and all necessary approval by the Mayor.

Thomas E. Henry
Councilmember

APPROVED AS TO FORM
AND LEGALITY

J. Timothy McCaulay
J. Timothy McCaulay, City Attorney

BILL NO. S-90-11-49

SPECIAL ORDINANCE NO. S-_____

AN ORDINANCE approving an agreement by and between the City of Fort Wayne and Aetna Life Insurance Company.

WHEREAS, the City of Fort Wayne has analyzed its present insurance coverage as provided to the employees of the City of Fort Wayne and the costs associated therewith;

WHEREAS, the City of Fort Wayne has determined that it is possible to provide identical coverage to its employees while at the same time reducing the City's costs for such coverage by entering into a Shared Funding Insurance Agreement with Aetna Life Insurance Company and by the establishment of a separate insurance fund which will allow payment to the Aetna Life Insurance Company for services and charges as specified in the Shared Funding Insurance Agreement, and payment of covered claims to employees of the City of Fort Wayne.

NOW, THEREFORE, BE IT ORDAINED BY THE COMMON COUNCIL OF THE CITY OF FORT WAYNE, INDIANA:

SECTION 1. The Common Council of the City of Fort Wayne does hereby approve in all respects the agreement attached hereto, as a part hereof, as Exhibit "A," which is the Shared Funding Insurance Agreement by and between the City of Fort Wayne and Aetna Life Insurance Company.

SECTION 2. The Common Council of the City of Fort Wayne does hereby approve the establishment of an insurance fund created for the following purposes:

1. To pay Aetna Life Insurance Company for services and charges as specified in the Shared Funding Insurance Agreement (Exhibit "A");

2. To pay covered claims of employees of the City of Fort Wayne.

SECTION 3. The Common Council of the City of Fort Wayne does hereby further approve the attached agreement

between the City of Fort Wayne and Lincoln National Bank and Trust Company, Fort Wayne, Indiana, made a part hereof as Exhibit "B" and to be known as the Claims Account Agreement.

SECTION 4. If any section, clause, sentence, paragraph, part, or provision of this Ordinance shall be held invalid, it shall be conclusively presumed this Ordinance would have been passed by the Common Council without such invalid section, clause, sentence, paragraph, part, or provision.

SECTION 5. This Ordinance shall be in full force and effect from and after its passage and all necessary approval by the Mayor.

Janet G. Bradbury
Councilmember

APPROVED AS TO FORM
AND LEGALITY

J. Timothy McCaulay
J. Timothy McCaulay, City Attorney

ADMINISTRATIVE SERVICES CONTRACT NUMBER ASC_____

Agreement entered into between

SAMPLE

(herein after referred to as the "Contractholder")

and

ÆTNA LIFE INSURANCE COMPANY
Hartford, Connecticut
(hereinafter referred to as "Ætna")

WHEREAS, the Contractholder has adopted an employee benefit plan, hereinafter designated as the "Plan", which is set forth in Appendix I to this Contract, for certain of its employees and their dependents, under which Plan the Contractholder retains all liabilities; and

WHEREAS, the Contractholder has requested Ætna to provide certain administrative services to the Plan, and Ætna has agreed to provide such services in accordance with the terms of this Contract without assuming any liability of the Contractholder under the Plan;

NOW, THEREFORE, in consideration of the mutual promises and covenants contained in this Contract, it is hereby agreed as follows:

Section 1. Administrative Services

Ætna will provide the Contractholder with services for the administration and operation of the plan.

The services provided by Ætna will be coordinated by a field group representative who will act as account executive to assure effective and efficient operation of the Plan. In addition to coordinating all of the services of Ætna, he will assist in identifying and resolving administrative, benefit payment, and communication problems and he will provide guidance and advice to the Contractholder on the operation of the Plan.

Services provided by Ætna include, but are not restricted to:

(1) Development and design of the Plan, both initially and in connection with benefit revisions, additions, and extensions, including

(a) general underwriting assistance and actuarial advice,

(b) cost estimates of the type and variety which would be applicable if the plan were insured,

(c) assistance in the preparation of descriptions for each of the benefit programs under the Plan;

(2) Assistance with the enrollment of employees;

(3) Development, design, and installation of administrative and recordkeeping systems;

(4) Development, design, and installation of the benefit-account structure for the Plan which may be structured separately by class of employee and by division, or subsidiary, or associated company of the Contractholder;

(5) Development, design, and installation of systems and forms for processing requests for benefit payments and the payment of Plan benefits in accordance with Ætna's benefit cost control standards, audit procedures, and payment practices;

(6) Preparation of accounting reports for use by the Contractholder in the financial management and administrative control of the Plan. These reports will be furnished in accordance with the benefit-account structure installed for the Plan and will include:

(a) initial and renewal expected unit cost calculated as if benefits were insured and corresponding total expected cost estimates for each major benefit line in the Plan and combined,

(b) annual accounting reports, separately by major benefit line and combined, which show

(i) expected costs calculated as if the benefits were insured,

(ii) paid benefits,

(iii) incurred but unpaid benefit liabilities,

(iv) service charge, and

(v) variation from expected,

(c) monthly, quarterly, or combined contract year listings of paid benefits,

(d) monthly or quarterly accumulated contract year expected cost/paid benefit reports,

(e) annual benefit payment statistics of plan trends and effectiveness.

Section 2. Banking Arrangement

Payment by Ætna of any amount payable under the Plan shall be made by draft payable through a bank selected by Ætna (referred to in this Contract as the Bank). Such drafts after presentment by the Bank will be processed and, if in order, accepted on behalf of Contractholder by Ætna. The Contractholder by execution of this Contract expressly authorizes Ætna to issue and accept such drafts on behalf of the Contractholder for the purpose of payment of benefits under the Plan. The Bank, upon acceptance of drafts by Ætna, will advise the Contactholder's bank of the amount of the drafts accepted by Ætna for payment and the Contractholder agrees that its bank shall, on the date of such notice, forward to the Bank an amount in Federal Funds equal to the total of such drafts.

Section 3. Contractholder Reports

It is mutually understood that the effective performance by Ætna of the administrative services under this Contract will require that the Contractholder furnish to Ætna timely reports and information in a form and manner specified by Ætna, such reports and information to include:

(a) Identification or certification of individuals eligible for benefits, kinds of benefits to which such individuals are entitle, date of eligibility and such other information as may be necessary for processing of benefit payments;

(b) Number of employees and dependents covered under the Plan, separately by various kinds of benefits; and

(c) Distribution of employees covered under the Plan, by geographic area, age, sex, and earnings level and by distribution of covered dependents.

It is mutually agreed that Ætna shall not be responsible for delay in the performance of this Contract or for non-performance of this Contract or for non-performance of this Contract which is caused by or contributed to in whole or in part by the failure of the Contractholder to furnish any required information promptly.

Section 4. Administration Charge

The administration charge made to the Contractholder for services performed by Ætna under this Contract will be determined by Ætna following the close of a contract period by applying Ætna's then current cost allocation formulae to the characteristics and mode of administration of the Contractholder's Plan for that contract period. This cost determination will take into account:

(a) the amounts of benefits paid and the number of benefit payments for the various kinds of benefits;

(b) the number of employees and dependents covered for the various kinds of benefits;

(c) the general type of benefit payment system used;

(d) the type of administrative record-keeping system used;

(e) the benefit structure of the Plan;

(f) the account structure; and

(g) revision activity and any other factors bearing on the cost of operating the Plan.

Ætna shall periodically make an estimate of the administration charge by applying its then current cost allocation formulae to the characteristics that are expected to develop and the administration expected to be used for the Plan. This estimate will be related to the expected level of paid benefits in order to develop an approximate administration charge percentage of paid benefits which will be used to bill the estimated administration charge during a contract period. The initial estimated administration charge shall be _____% of the total dollar amount of the drafts accepted by Ætna pursuant to this Contract.

Following each month that this Contract is in effect Ætna shall submit to the Contractholder a statement showing the estimate administration charge for the month determined on the basis of the dollar amount of the drafts accepted by Ætna during said month. Within 20 days after the date shown on such statement the Contractholder shall pay to Ætna the amount of such estimated administration charge.

Within 120 days following the close of a contract period Ætna will prepare and submit to the Contractholder a financial accounting of the transactions during the contract period. This accounting will contain an administration charge which will be compared with the estimated administration charge collected with respect to the contract period. If the administration charge is less than the estimated charge paid, the difference will be paid to the Contractholder at the time the accounting is submitted. If the administration charge exceeds the estimated charge paid, the difference will be payable to Ætna within 20 days of the date the accounting is prepared.

Section 5. Other Provisions

(a) Ætna in performing its obligations under this Contract is acting only as agent of the Contractholder and the rights and responsibilities of the parties shall be determined in accordance with the law of agency except as otherwise herein provided. The Contractholder hereby delegates to Ætna authority to make determination on behalf of the Contractholder with respect to benefit payments under the Plan and to pay such benefits, subject, however, to a right of the Contractholder to review and modify any such determination. For the purposes of the Federal "Employee Retirement Income Security Act of 1974" and any applicable state legislation of similar nature, the Contractholder shall, however, be deemed the administrator of the Plan.

(b) Ætna shall not be liable or use its funds for the payment of benefits under the Plan of the Contractholder and if in the normal course of business under this Contract, Ætna or any other organization with which Ætna has a working arrangement chooses to advance any funds, the Contractholder shall reimburse Ætna or such other organization for such advances. In no event shall such advances by Ætna or other organization to make further advances, or to assume liability of the Contractholder for the payment of benefits under the Plan.

(c) Ætna shall use ordinary care and reasonable diligence in the exercise of its powers and the performance of is duties hereunder, but shall not be liable for any mistake of judgment or other action taken in good faith, or for any loss unless resulting from its gross negligence.

(d) Ætna agrees to indemnify the Contractholder and hold the Contractholder harmless against any and all loss, damage, and expense with respect to this Contract resulting from or arising out of the dishonest, fraudulent, or criminal acts of Ætna's employees, acting alone or in collusion with others.

(e) On the effective date of this Contract, or on the effective date of the addition of any Participant Employer insured with Ætna immediately prior to the date of the addition to this Contact, the Contractholder shall furnish a written notice, satisfactory to Ætna, to each employee to be covered under the Plan that the Contractholder is assuming complete financial liability for the payment of benefits under the Plan and that benefits under the Plan will no longer be insured with Ætna. The Contractholder agrees to indemnify Ætna and hold Ætna harmless against any and all loss, damage, and expense including court costs and attorney's fee, sustained by Ætna as a result of any failure by the Contractholder to give such notice.

(f) Except as provided in (d) above, that Contractholder agrees to save Ætna harmless by indemnifying Ætna for any and all loss, liability, damage, expense, or other cost or obligation:

(i) resulting from and arising out of claims, demands or lawsuits brought against Ætna in administering the Plan or to recover benefits under the Plan, except for acts attributable solely to Ætna's employees not in compliance with (c) above, or

(ii) in connection with the release and transfer of benefit payment information to the Contractholder.

(g) If any payment is made hereunder to an ineligible employee or dependent, or if it is determined that more or less than the correct amount has been paid by Ætna, Ætna will attempt to recover the payment made to an ineligible person or the overpayment or will adjust the underpayment, but Ætna will not be required to initiate court proceedings for any such recovery. If Ætna is unsuccessful, Ætna shall notify the Contractholder in order that the Contractholder may take such action as may be available to it.

(h) The work to be performed by Ætna under this Contract may, at its discretion, be performed directly by it or wholly or in part through a subsidiary or affiliate of Ætna or under a contract with an organization of its choosing.

(i) Ætna may seek the services of experts in performing its duties under this Contract. Ætna shall consult with the Contractholder or legal counsel designated by the Contractholder when legal or extraordinary benefit matters seem to be involved. The Contractholder hereby agrees to join the defense of any legal action involving a claim for benefits, or any claim involving actions of Ætna taken at the request or demand of the Contractholder and that defense of such claims and all damages and expenses with respect to such defense shall not be the obligation of Ætna.

(j) Ætna shall be entitled to rely upon any communication believed by Ætna to be genuine and to have been signed or presented by the proper party or parties. Ætna shall not be bound by any notice, direction, requisition, or request unless and until it shall have been received in writing, in the case of Ætna Life Insurance Company at 151 Farmington Avenue, Hartford, Connecticut 06156 or at such other address as Ætna specifies for the purposes of this Contract by notice in writing addressed to the Contractholder. Notices or communications from Ætna to the Contractholder shall be addressed to the Contractholder and shall be sent by mail or telegraph to the Contractholder at the address shown below, unless Ætna shall have been requested in writing to send such communications to another address.

Address:

(k) Services not provided for in this Contract may be provided by separate agreement entered into by Ætna and the Contractholder.

Section 6. Period of Contract

This Contract shall take effect on and end on (this period being the first contract period). It shall be renewed for successive periods of twelve months each (subsequent contract periods) unless the Contractholder or Ætna gives to the other at least thirty-one (31) days prior to the end of the current period written notice of its intention to terminate the contract as of the end of the then current period.

Section 7. Laws Governing Contract

This Contract shall be construed and enforced according to the laws of the State of Connecticut.

Section 8. Contract Counterparts

This Contract may be executed in any number of counterparts, each of which shall be deemed an original, and said counterparts shall constitute but one and the same instrument.

Section 9. List of Employers Included

The List of Employers included under the Contract shall be maintained by Ætna and shall, as of any given time, consist of the Contractholder and the other employers which have been included in the List by written mutual agreement between Ætna and the Contractholder, and which have not been eliminated from the List. The Contractholder may act for and on behalf of any and all of the Employers included in this List in all matters pertaining to this Contract, and every act done by the Contractholder, agreement made between Ætna and the Contractholder, or notice given by Ætna to the Contractholder or by the Contractholder to Ætna, shall be binding on all such Employers.

Section 10. Modification of Contract

This Contract and appendices hereto constitute the entire contract between the parties hereto. Changes in this Contract or in any appendix hereto may be made by mutual agreement between Ætna and the Contractholder.

Section 11. Termination of Contract

(a) If any state or other jurisdiction enacts a law which prohibits the continuance of this Contract or the existing law is interpreted to so prohibit the continuance of this Contract, the Contract shall terminate automatically as to such time or jurisdiction of the effective date of such law or interpretation.

(b) The Contractholder may terminate this Contract with respect to all employees (including their dependents) of itself and any one or more of the Employers included under this Contract by giving to Ætna at least thirty-one (31) days written notice stating when, after the date of such notice, such discontinuance shall become effective.

(c) Ætna reserves the right to terminate this Contract by giving to the Contractholder at least thirty-one (31) days notice stating when, after the date of such notice, such termination shall become effective.

(d) Failure of the Contractholder to provide funds to the Bank for the payment of the drafts approved and recorded by Ætna, or failure to pay the administration charge as provided in Section 4, will result in termination of the Contract immediately upon notice from Ætna to the Contractholder. Such notice may be by telegram, teletype, or other means of communication.

In the event of termination of this Contract, Ætna shall complete the processing of all requests for benefit payment under the Plan which are received by it and are due and payable prior to termination of this Contract, but it shall have no obligation: (i) to complete the processing of any such requests upon its determination that the Contractholder has failed to provide funds for the payment of drafts accepted by it; (ii) to process requests for benefit payments presented to it after termination of this Contract; or (iii) to issue drafts after the termination date for requests for benefit payments relative to conditions existing on such date. The Contractholder will be liable for all drafts issued by Ætna during the continuance of and within a reasonable time following termination of the Contract. All drafts issued by Ætna which are outstanding upon termination of the Contract or issued thereafter in accordance with the immediately preceding paragraph will continue to be the responsibility and liability of the Contractholder. An Administration Charge will be made to take into account the benefit payment activity taking place after the termination date.

IN WITNESS WHEREOF, the parties hereto have caused this Contract to be executed by their respective officers duly authorized to do so, to take effect _____.

Dated At:_____, _____

By: _____ _____
Witness

_____
(Official Title)

Dated At:_____, _____

ÆTNA LIFE INSURANCE COMPANY

By: _____

_____
(Official Title)

_____
Registrar

Read the first time in full and on motion by Schmidt, seconded by Dr Smith, and duly adopted, read the second time by title and referred to the Committee on Finance (and the City Plan Commission for recommendation) and Public Hearing to be held after due legal notice, at the Council Conference Room 128, City-County Building, Fort Wayne, Indiana, on _____, the _____, day of _____, 19____, at _____ o'clock ____.M.,E.S.T.

DATED: 11-27-90

Sandra E. Kennedy
SANDRA E. KENNEDY, CITY CLERK

Read the third time in full and on motion by Henry, seconded by Long, and duly adopted, placed on its passage. PASSED ~~LOST~~ by the following vote:

	AYES	NAYS	ABSTAINED	ABSENT
TOTAL VOTES	7	1		1
BRADBURY	✓			
BURNS	✓			
EDMONDS	✓			
GiaQUINTA	✓			
HENRY	✓			
LONG	✓			
REDD		✓		
SCHMIDT				✓
TALARICO	✓			

DATED: 12-11-90.

Sandra E. Kennedy
SANDRA E. KENNEDY, CITY CLERK

Passed and adopted by the Common Council of the City of Fort Wayne, Indiana, as ~~(ANNEXATION)~~ ~~(APPROPRIATION)~~ (GENERAL) (SPECIAL) ~~(ZONING MAP)~~ ORDINANCE ~~RESOLUTION~~ NO. S-306-90 on the 11th day of December, 19 90,

ATTEST
Sandra E. Kennedy
SANDRA E. KENNEDY, CITY CLERK

SEAL
Karen S Reed
PRESIDING OFFICER

Presented by me to the Mayor of the City of Fort Wayne, Indiana, on the 12th day of December, 19 90 at the hour of 2:00 o'clock P.M.,E.S.T.

Sandra E. Kennedy
SANDRA E. KENNEDY, CITY CLERK

Approved and signed by me this 13th day of December, 19 90, at the hour of 2:15 o'clock P.M.,E.S.T.

PAUL HELMKE, MAYOR

Admn. Appr._____

DIGEST SHEET

TITLE OF ORDINANCE SPECIAL ORDINANCE

DEPARTMENT REQUESTING ORDINANCE CONTROLLER'S OFFICE

SYNOPSIS OF ORDINANCE APPROVES SHARED FUNDING INSURANCE AGREEMENT WITH AETNA LIFE INSURANCE COMPANY.

S-90-11-49 (as amended).

EFFECT OF PASSAGE AGREEMENT APPROVED

EFFECT OF NON-PASSAGE AGREEMENT NOT APPROVED

MONEY INVOLVED (DIRECT COSTS, EXPENDITURES, SAVINGS) $295,984.00 - $396,349.86 actual annual costs dependent upon claims processed. Estimatec claims for 1991 are between $3,096,440.00 - $4,259,175.99. Estimated savings to be $130,065.15 - $230,431.01.

ASSIGNED TO COMMITTEE (PRESIDENT)_____

BILL NO. S-90-11-49 (as amended)

REPORT OF THE COMMITTEE ON FINANCE

THOMAS C. HENRY, CHAIRMAN
DONALD J. SCHMIDT, VICE CHAIRMAN
BRADBURY, BURNS, GiaQUINTA

WE, YOUR COMMITTEE ON FINANCE TO WHOM WAS

REFERRED AN (ORDINANCE) (~~RESOLUTION~~) approving an agreement by and between the City of Fort Wayne and Aetna Life Insurance Company

HAVE HAD SAID (ORDINANCE) (~~RESOLUTION~~) UNDER CONSIDERATION AND BEG LEAVE TO REPORT BACK TO THE COMMON COUNCIL THAT SAID (ORDINANCE) (~~RESOLUTION~~)

DO PASS	DO NOT PASS	ABSTAIN	NO REC

DATED: 12-11-90.

Sandra E. Kennedy
City Clerk